

# NEWS RELEASE

**OFFICE OF THE UNITED STATES ATTORNEY  
SOUTHERN DISTRICT OF ILLINOIS**

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***For Immediate Release***

September 21, 2005

Ronald J. Tenpas, United States Attorney for the Southern District of Illinois, announced today that on September 21, 2005, **JAMES R. GIBSON**, age 60, was sentenced before the United States District Court for the Southern District of Illinois, East St. Louis, Illinois to forty (40) years' imprisonment, and three (3) years' supervised release. **GIBSON** was also ordered to make restitution of \$83,282,767.42. A \$35,000,000 criminal forfeiture judgment was also entered against **GIBSON**.

On May 2, 2005, after a 14-day jury trial, **GIBSON** was found guilty on an 8-count Superseding Indictment. The January 18, 2001 Superseding Indictment charged one count of conspiracy to commit mail and wire fraud, in violation of Title 18, United States Code, Section 371; three counts of aiding and abetting mail fraud, in violation of Title 18, United States Code, Sections 1341 and 2; two counts of aiding and abetting wire fraud, in violation of Title 18, United States Code, Sections 1343 and 2; one count of conspiracy to commit money laundering, in violation of Title 18, United States Code, Section 1956(h); and one count setting forth forfeiture allegations, in violation of Title 18, United States Code, Section 982.

**JAMES R. GIBSON** owned and operated SBU, a company which invested money for personal injury victims who were awarded lawsuit settlements. SBU's clients were, for the most part, individuals who were seriously injured in accidents, as well as widows and orphans of individuals killed in accidents. SBU was to set up trusts for the personal injury victims and to invest the victims' settlement moneys in United States government bonds which would be placed in the trusts and earn the victims a regular monthly income. SBU received settlement moneys on behalf of personal injury victims, but failed to purchase the government bonds, using the moneys instead for unauthorized business transactions, high risk investments, and the purchase of real estate and personal luxury items. SBU transferred SBU's clients' trusts from legitimate trust companies to Flag Finance, a shell company owned by **JAMES R. GIBSON**, and then sold the bonds within those trusts and used the proceeds for unauthorized business transactions, high risk investments, and the purchase of real estate and personal luxury items. The bulk of the proceeds from the misappropriation of bonds and the diversion of settlement moneys were used to purchase and operate twenty-three grocery stores purchased from Schnucks Markets, Inc. of St. Louis, Missouri and operated by **GIBSON's** company, Family Company of America, as National Supermarkets. Ultimately, under **GIBSON's** management, those grocery stores went bankrupt. **GIBSON**, acting with others, diverted and misappropriated in excess of approximately \$60,000,000.00 in victims' settlement monies and bonds. During July 1999, **GIBSON** fled to Belize, Central America.

The successful prosecution is the result of an investigation conducted by the Internal Revenue Service - Criminal Investigation Division, the United States Postal Inspection Service, and the Federal Bureau of Investigation. The prosecution of the case was handled by Assistant United States Attorneys Hal Goldsmith and Norman R. Smith.